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FEBRUARY 1985 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.00

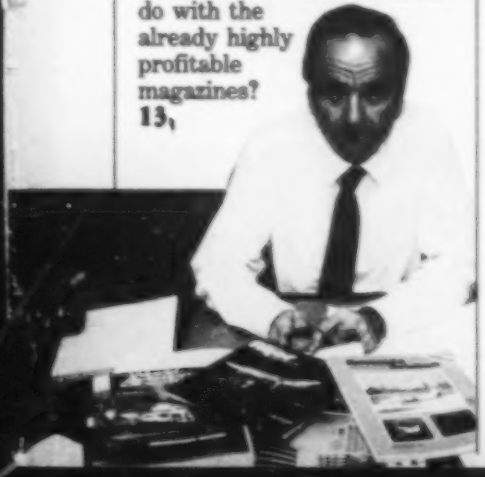
Drama in real life

The inside story of the *Digest*

Management shake-up at *Reader's Digest*'s Pleasantville, N.Y., headquarters. Why it happened and what it means to the future of this publishing giant. **88**

Murdoch's first foray into trade

Rupert Murdoch has added entire business publishing division of Ziff-Davis to his empire for $350 million. What will he do with the already highly profitable magazines? **13**



National distributors: Scanning the future

The challenge for national distributors—indeed for the entire distribution chain—is to maximize sales and minimize returns. **69**

The risk of republishing defamation

Contrary to assumptions, a publisher is generally held accountable for republishing defamatory statements, even when they come from sources named in the article, explains publishing attorney Slade Metcalf. **97**

CBS + Ziff = Huge

With one fell swoop, CBS Magazines reached its goal of becoming a true leader in consumer magazine publishing. Now comes the risky part: unification. **13**

biweekly *Fortune*, two other Time Inc. publications. Loeb, who is managing editor of *Money*, notes that the weekly would have different subject matter and a different frequency.

Bolger: Postal worker contract may spur more rate increases

On Christmas Eve, Federal arbitrators handed down terms for a new contract with Postal workers, but at the same time William F. Bolger, outgoing postmaster general, said those terms might necessitate Postal rate increases greater than those already scheduled (see page 11.) Bolger took issue with the arbitrators' award of a 2.7 percent a year general wage increase for existing employees in each of three years. "This award will make it extremely difficult to hold for four or five years the new rates that will go into effect February 17," Bolger claimed. The arbitrators also granted a cost of living wage increase for existing employees that will amount to 3.3 percent annually if the inflation rate is 5.5 percent. Bolger praised the arbitrators' decision to allow the Postal Service to pay new employees according to a new, lower pay schedule.

Financial World 1, USPS 0: Big win or moot point?

Financial World emerged victorious in its quest for preferred "news" delivery from the U.S. Postal Service. USPS decided not to contest the biweekly business magazine's lawsuit, filed in October, that claimed discrimination because its subscription copies were not being given "Red Tag" treatment as those of its fortnightly competitors, *Fortune* and *Forbes*. By settling, USPS gave *Financial World* exactly what it wanted: the right to wear the word "NEWS" on its mailing label, and to mail in brown sacks instead of white. The settlement raises a broader question: Will hordes of other biweeklies clamor for news designation also?

More challenges to USPS paid subscriber rule

At least two more free-circulation newspapers have filed lawsuits challenging USPS' paid subscriber rule for second class eligibility. (The rule requires that 50 percent of a publication's circulation be paid subscribers before it can mail at second class rates.) The newspapers, *The Gulf Times* in Sophia, West Virginia, and *The River Parishes Sun* in LaPlace, Louisiana, are following the lead of the *Enterprise*, a free-circulation newspaper in Tennessee that sued USPS, challenging the rule as unconstitutional, and won. Magazine publishers were alarmed at the decision, fearing that the rule's elimination would bring shoppers and other third class mail flooding into the second class category. The lower court decision is now on appeal. A ruling could be handed down as early as this month, according to a USPS attorney.

First quarter results set upward trend in ad revenues for '85

Ad revenues for magazines are expected to do well in 1985, according to industry analysts, with first quarter results expected to exceed 1984's first quarter by about 10 percent. Pages should be up about 1 or 2 percent. "Magazines should do better than TV," says J. Kendrick Noble, analyst with Paine Webber. When TV is strong, he notes, as it was in the election and Olympics year of 1984, magazine advertising tends to lag behind by about a year. "Magazines will be in terrific shape," says Edward Atorino at Smith Barney Harris Upham. Revenues in the fashion publications will be especially strong, he predicts, with a 24 percent increase expected for the first three quarters. Robert Coen, senior vice president at McCann Erickson USA, in his outlook for 1985, predicts a total 10 percent increase in revenue for 1985 and a page increase of 2 to 4 percent. Total ad spending will be at $5.4 billion for national magazines, representing about a 5.6 percent share of total ad budgets, he estimates.

Outlook, U.S. advertising expenditures for '85

($000,000)

	Change over 1984	1985 projections
Major national broadcast	+ 6.0%	$16,245
Cable and syndication TV	+ 20.0	960
National magazines	+ 10.0	5,400
National newspapers	+ 8.0	3,245
Other national	+ 11.0	27,540
Total national	+ 9.2	53,390
Total local	+ 10.3	42,470
Grand total	**+ 9.7%**	**$95,860**

Source: Robert Coen, senior vice president, director forecasting, McCann-Erickson USA

Libel loss rate drops 35%

A recent study of libel verdicts brings good news: Losses and final awards are down, including awards on "megaverdicts"

New York City—The media is making some headway in winning libel suits at the trial court level, according to a new study by the Libel Defense Resource Center (LDRC), a watchdog of libel and privacy litigation.

The study examined the outcomes of 63 libel trials that took place between 1982 and 1984 and compared the results with those of LDRC's first survey of 54 claims on trial between 1980 and 1982.

"For the first time in the past several years, there has been an improvement in the rate of media defense success at trial," reports LDRC. The new study puts media losses of libel cases on trial before a judge or jury at 54 percent for the 1982 to 1984 time span, down 35 percent from 89 percent in the prior two-year period. Of the cases that go before a jury, the loss rate is 62 percent, also down from 89 percent in the last survey.

Damages awarded to successful libel plaintiffs have remained about the same as before, with the average initial award slightly over two million dollars. However, the number of million-dollar-plus awards was up in the 1982 to 1984 time period, according to the new study. Of the 63 cases tracked, 11 awards were over one million dollars—before 1980, only one million-dollar award had been entered in the history of libel litigation. Among all media, magazines faced the highest percentage of million-dollar awards. Three of the awards (75 percent) against the four losing magazines in the latest study were one million dollars or more.

LDRC also noted an "hourglass" trend in awards: With few exceptions, awards in the recent trials were either under $100,000 or over one million dollars. "It appears juries either make a realistic attempt to calculate actual, compensable injury . . . or they go to the other extreme and pull gigantic figures out of mid-air," the report said.

Success on appeal

But despite the still ominous trend in libel suit losses at the trial court level, the media continue to fare well on appeal. In the cases studied from 1982 to 1984, judgments against media organizations were reversed 68 percent of the time on appeal—essentially the same proportion as in the earlier period studied by LDRC. Adding in the cases where awards to winning plaintiffs were reduced, the media success

Results of latest LDRC Libel Study

	Latest study 1982-1984	vs.	Previous study 1980-1982
Number of cases	63		54
Media loses	54%		89%
before jury	62%		89%
before judge	10%		83%
Magazine loses	44%		78%
Newspaper loses	65%		88%
Broadcaster loses	27%		89%
Average initial award	$2,033,367		$2,051,178

Source: Libel Defense Resource Center

The media's libel record is improving: *Losses at the trial court level dropped to 54 percent in the last two years from 89 percent in the previous two-year period, according to a new study by the Libel Defense Resource Center. But LDRC's counsel Henry Kaufman cautions that it is too soon to declare victory over excessive libel claims.*

Jerry Falwell proves emotional distress—and that distresses the guardians of free speech

The Rev. Jerry Falwell has a knack for agitating the liberal-minded. This time, he's trounced Larry Flynt—in Federal court—and legal scholars are saying the outcome is a direct blow to free speech.

The dispute between the Moral Majority leader and the sex publisher began as a joke. That, at least, is what Flynt claims his Falwell parody was meant to be. The parody, which ran in Flynt's November 1983 *Hustler*, was a take-off of an ad for the aperitif Campari. Falwell was depicted in the "ad" as describing how he lost his virginity to his mother in an outhouse and got "sloshed" before preaching. A small disclaimer ran at the bottom: "Not to be taken seriously."

Rev. Falwell took the ad quite seriously. He sued Flynt on charges of libel, invasion of privacy and the "intentional infliction of emotional distress."

A jury in Federal District Court in Roanoke, Virginia, found the ad too outrageous to be believed, and as such could not find it libelous. Judge James C. Turk ruled that no invasion of privacy had occurred. But on the third claim—intentional infliction of emotional distress—the jury found Flynt guilty. It ordered him to pay Rev. Falwell $200,000 in damages—$100,000 for the distress, plus $100,000 as punishment.

This particular law has rarely been called on by public figures such as Rev. Falwell, who, because of their public presence, are supposedly thick-skinned and not so easily distressed. Critics of the decision said that by applying the emotional distress claim to the media, courts will discourage

rate on appeal (verdicts reversed or awards reduced) rises to 78 percent.

The media's success in challenging "megaverdicts" also continues. No million-dollar award has yet been finally affirmed on appeal, and the size of the awards that have been affirmed has come down. The new study found the average affirmed award to be about $60,000, down substantially from the $120,000 average award in the earlier study. The largest affirmed award—$200,000—is also down from a previous high of $400,000.

"On the eve of a number of important and widely publicized libel trials, it is noteworthy that the new figures . . . show a meaningful improvement in the media's performance at the trial court level," wrote Henry Kaufman, LDRC's general counsel, in a prepared statement. "However, the period they cover is too short, and even the reduced level of losses is still too high, to proclaim victory in the fight to bring libel trial results more in line with the true merit of those claims that go to trial."□

Playboy talks to trade

The "*Playboy* Interview" is the basis for the magazine's new advertising campaign directed to the trade. Full-page ads featuring a closeup of upcoming *Playboy* interviewees are appearing in *The New York Times*, *Advertising Age*, *Adweek* and several consumer magazines. The ads stress *Playboy*'s editorial vitality, as epitomized by the well-known "*Playboy* Interview" feature.□

free speech—not only offensive or obscene speech, but even barbed editorial cartoons and satire.

Norman R. Grutman, lawyer for Rev. Falwell, said the decision did not at all impinge on the First Amendment. "The First Amendment was not intended as a shield for the likes of Larry Flynt," who, "for sheer devilish pleasure" willfully sets out to attack and embarrass people, the lawyer said.

Grutman called himself "objective" in assessing this decision's impact on the notion of free speech because he often represents the press. In fact, one of his clients recently was *Penthouse*.

Insert presents special challenges

Time, ad agency and advertiser work together on holiday ad insert

New York City—A 20-page ad insert placed by the American Booksellers Association in *Time* presented some special challenges to the magazine, the ad agency and the advertiser.

The participants said the insert, which ran in the November 26 edition of *Time*, was unusual in that it was sponsored by an association of independent bookstores rather than a chain.

The insert promoted books as holiday gift items. In the advertising piece, 1,111 bookstores paid to have their names, addresses and telephone numbers listed in one of five regional editions. Also included were display ads purchased by 80 different book publishers to promote their books.

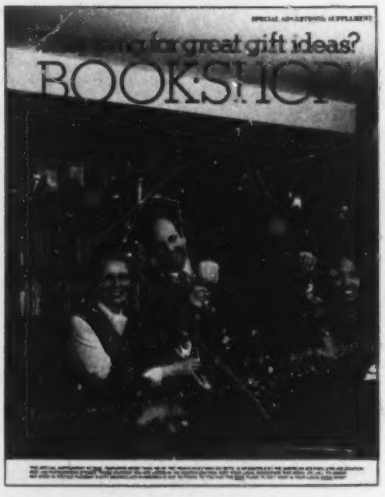
Time supplied reprints of the insert for distribution in stores and placed poster ads for the insert in airports and commuter locations.

Jack Draper, a sales representative at *Time*, first broached the insert idea with the association's ad agency, Franklin Spier Inc., back in May of 1983. The association approved the concept later that year, but there were two problems: convincing the association's member stores to pay $127 each to appear in the listings and convincing book publishers to buy display space in the insert.

Bernie Rath, executive director of the booksellers association, said his organization started looking for support for the insert with a mailing to its members in January 1984. When the mailing produced few responses, the association started making telephone calls.

There was a lot of skepticism of the project, Rath said, because it was the first time it had been tried. The last time the association did anything similar was in the late 1950s when it ran a one-page ad in *Time*.

One way *Time* helped the selling effort was by making its presence known at the annual booksellers convention. The magazine ran the convention's internal communications network.



Time yielded $1.9 million in gross billings on this 20-page ad insert.

One problem that occurred in the special insert was convincing enough book publishers to buy ads for their books, given the diversity and independence of the booksellers.

Draper explained that when a chain of bookstores runs such an insert, the chain has some leverage with a book publisher. The book publisher knows that, if it buys ad space for a book in the chain's insert, the chain will probably buy a substantial supply of the book. The booksellers association, however, couldn't guarantee that its members would stock a particular book.

By the June closing, however, enough bookstores and publishers had signed up. And a few weeks after the ad ran, both *Time* and the association said they were happy with the results.

Time collected nearly $1.9 million in gross billings. Rath said he would reserve final judgment until data on consumer response to the insert comes in. He added, however, that judging by consumer comments to the association and to member stores, the insert was effective.

Rath said, however, that next year, the association will probably run just one edition of the insert. Because of some distribution problems, he said, a few of 1984's regionalized inserts were delivered in the wrong regions.□

Corrections to The Folio:400/1984

The following errors appeared in the latest edition of The Folio:400. The editors apologize for any confusion or inconvenience caused by incorrectly reported figures and urge readers to familiarize themselves with the corrections noted below.

Modern Salon

Modern Salon's Total Revenues, Total Revenue Growth, Subscription Revenues and Average Circulation as published on Page 68 are incorrect. The correct data are as follows:

Total Revenue ($000):	$5,869
Total Revenue Growth:	18.8%
Subscript. Revenues ($000)	$1,349
Average Circulation:	118,142

As a result of these errors, *Modern Salon* was omitted from the following tables:

In Table 71, "Top 50 Business Magazines by Net Change in Average Circulation," *Modern Salon* should rank 22nd, with a Net Growth of 4,846.

In Table 73, "Top 50 Business Magazines by Net Change in Average Subscription Circulation," this publication should rank 6th, with a net growth of 5,661.

Among "Fastest Growing Business Magazines by Subscription Revenue," Table 78, *Modern Salon* should rank 8th in Division Three, with growth of 8.8%. Among "Fastest Growing Business Magazines by Average Circulation," Table 80, it should rank 8th with 4.3%.

The publication's rank among "Fastest Growing Business Magazines by Average Subscription Circulation," Table 81, should be 3rd in Division Three, with growth of 6.5%.

Finally, *Modern Salon*'s rank changed to 43rd in Table 66, "Top 50 Business Magazines by Subscription Revenue."

National Home Center News

National Home Center News' advertising revenue and advertising pages were overstated. The correct data and rankings for this publication are given below:

Rank: 386	
Total Revenue ($000):	$4,372
Advertising Revenue ($000):	$4,372
Advertising Pages:	1,008

National Home Center News should not rank in Table 65, "Top 50 Business Magazines by Advertising Revenue," nor in Table 67, "Top 50 Business Magazines by Advertising Pages."

Among "Business Newcomers," Table 82, and in the market analysis on pages 440-444, the rankings affected by the revised data for *National Home Center News* are as follows:

Table	Data	Rank (Market)	Rank (Newcomers)
Ad Pages	1,008	11	11
Avg. Ad Pgs./Copy	40	12	12
Ad Revenue ($000)	$4,372	10	6
Total Revenue ($000)	$4,372	13	7
Avg. Total Pgs./Copy	87	9	unchanged

Progresssive Architecture

Progressive Architecture's average subscription circulation was incorrectly reported to be 72,934, and a number of data and rankings are affected by this error. Corrections to data published on page 67 are as follows:

Rank: 297	
Total Revenue ($000):	$6,613
Total Revenue Growth:	2.7%
Subscript. Revenue ($000):	$1,448
Average Circulation:	67,580
Avg. Subscript. Circulation:	67,580

In Table 66, "Top 50 Business Magazines by Subscription Revenue," this publication's rank changes to 41, with a growth of 16.8%.

In Table 72, "Top 50 Business Magazines by Subscription Circulation," *Progressive Architecture* moves to 37th place.

Among the "Fastest Growing Business Magazines by Subscription Revenue," Table 78, its rank changes to 6th in Division Two, with growth of 16.8%.

Progressive Architecture was mistakenly included in the following tables: Table 71, "Top 50 Business Magazines by Net Change in Average Circulation," Table 73, "Top 50 Business Magazines by Net Change in Average Subscription Circulation," and Table 81, "Fastest Growing Business Magazines by Average Subscription Circulation."

In the market analysis on page 380, most rankings for *Progressive Architecture* are not affected by the data corrections. In 4 tables, however, the publications should rank as follows:

Table	Data	Rank
% Chg. Avg. Circ.	-4.6%	4
Net Chg. Avg. Circ.	-3,249	4
% Chg. Avg. Sub. Circ.	-4.6%	4
Net Chg. Avg. Sub. Circ.	-3,249	4

Business pubs' revenues up 6.9% in 1983

VS&A study compiles publishing composites based on income statement, balance sheet of 11 companies

New York City—Business magazines were back on the road to growth in 1983 by almost all financial measurements. Just how well they did that year and in the five-year period ending in 1983 has been documented by Veronis, Suhler & Associates (VS&A), a New York investment banking firm, in the new *Communications Industry Report*.

Among the highlights:

•In 1983, the business magazine publishing segment began to recover from a poor performance in 1982. Revenues increased 6.9 percent, up from 1982's 1.2 percent growth. Still, the 1983 performance by this measure was under the segment's five-year compound annual growth rate of 8.8 percent.

•Profitability in the business magazine segment rebounded more strongly than revenues did. Operating income surged 25 percent—two-and-one-half times the five-year rate of 10.2 percent—and operating income margins improved 2 full percentage points, to 13.9 percent. In 1983, operating income margins stood slightly above their 1979 levels.

•Business magazines have one of

Business magazine publishing 1979-1983 growth and performance measures

Overall industry

Segment rank in communications industry in parentheses *

Growth/performance measure	Revenues	Pre-tax operating income	Assets	Pro-forma operating cash flow
1979-1983 compound annual growth	8.8% (7)	10.2% (4)	6.3% (7)	10.8% (5)
1983 growth	6.9% (8)	25.0% (4)	4.2% (9)	24.3% (5)
1983 operating margins		13.9% (5)		15.2% (5)
1983 margin index (1979=100)		105 (4)		107 (4)
1983 return on assets		30.8% (3)		33.7% (3)
1983 asset turnover			2.2 (2)	

*The VS&A report covers 10 communications industry segments: (1) Radio and TV, (2) Cable and pay TV, (3) Business magazine publishing, (4) Business information services, (5) Newspaper publishing, (6) Book publishing, (7) Consumer magazine publishing, (8) Entertainment programming and distribution, (9) Recorded music and (10) Advertising.

***Business magazine publishing's performance is most impressive** for its relative—and relatively consistent—profitability. The segment ranks fourth in both five-year compound growth and 1983 growth of operating income, and was one of four segments to improve its 1983 margins over 1979 levels.*

Leading companies

	Rank	Revenues		Pre-tax operating income		Assets	
1983 company totals ($Mil.)	1	McGraw-Hill	$381.2	McGraw-Hill	$65.2	ABC	$173.4
	2	ABC	279.9	ABC	29.2	McGraw-Hill	130.2
	3	Harcourt Brace Jovanovich	119.4	Harcourt Brace Jovanovich	17.7	Harcourt Brace Jovanovich	48.8
1983 growth (%)	1	Penny Stock News	71.4%	Harcourt Brace Jovanovich	84.4%	Plaza Communications	150.0%
	2	Plaza Communications	30.8	United Newspapers (Gralla)	47.1	Penny Stock News	50.0
	3	United Newspapers (Gralla)	11.4	Pittway (Penton/IPC)	29.8	United Newspapers (Gralla)	29.4
Five-year compound annual growth rate (%)	1	Plaza Communications	43.6%	Harcourt Brace Jovanovich	28.0%	Plaza Communications	49.5%
	2	United Newspapers (Gralla)	15.6	United Newspapers (Gralla)	22.8	United Newspapers (Gralla)	23.9
	3	Bill Communications	13.1	IMS International	18.9	Southam	18.9

***The two companies posting the highest gains** in 1983 revenues were Penny Stock News, publisher of the weekly of the same name (revenues up 71.4%) and Plaza Communications, publisher of Registered Representative (revenues up 30.8%). Neither, however, ranked among 1983 operating income growth leaders. HBJ topped the list with an 84.4% increase after a flat 1982, and Gralla Publications, a subsidiary of United Newspapers PLC, registered a 47.1% jump after a similarly flat 1982.*

the smallest asset bases in the communications industry. Assets turn over semiannually (2.22 times in 1983). This segment records an excellent 30.8 percent operating income return on assets, according to VS&A's study.

•One consequence of the small asset base, VS&A pointed out, is the minimum amount that depreciation and amortization contribute to cash flow. Cash flow margins for 1983 were just 1 percentage point higher than operating income margins; adding back depreciation and amortization increased 1983 return on assets by only 3 percentage points.

Growth leaders

•Two companies new to VS&A's business magazine publishing study posted the highest gains in 1983 revenues. Penny Stock News, publisher of the weekly of the same name, increased revenues 71.4 percent; Plaza Communications, publisher of *Registered Representative*, experienced a 30.8 percent gain.

•Harcourt Brace Jovanovich (HBJ) topped the list of 1983 operating income growth leaders with an 84.4 percent increase after a flat 1982. Gralla Publications, a subsidiary of United Newspapers PLC, registered a 47.1 percent jump after a similarly flat 1982.

•The five-year compound annual growth rankings parallel the 1983 growth rankings, with the omission of Penny Stock News, which had no material operations until 1982.

•HBJ, Gralla and IMS International lead in five-year operating income and cash flow growth.

Performance leaders

Plaza Communications had the highest operating income return on assets, 57.1 percent, of the companies represented in the business magazine segment. McGraw-Hill returned 53 percent. In cash flow return on assets, McGraw-Hill led, with a 55.1 percent return last year, followed by Gralla with 50.8 percent. □

Crain Award winner

Chicago—George Holmes, editor of *Jewelers' Circular-Keystone*, was honored with the 1984 American Business Press Crain Award for a distinguished editorial career.

Holmes has steered the ABC/Chilton publication as editor for a decade. During that time, *Jewelers' Circular-Keystone* has won 12 ABP Neal Awards for excellence in business journalism, and its circulation has increased 50 percent. *Jewelers' Circular-Keystone*, a 100 percent paid publication, is now read by 80 percent of all jewelers in the United States, according to ABP.

"I've never seen any statistics on the correlation between the quality of a magazine's editorial and its success, but I'm convinced they do [correlate]," Holmes said as he accepted the award at the ABP fall conference.

Holmes has recently played an influential role in the Federal Trade Commission's rewriting of its guides for the jewelry industry. Using editorials and private dialogue, he has pressured the FTC to toughen its standards for business behavior in the industry.

Holmes, the 17th editor chosen for the Crain Award, received a crystal trophy and a $1,000 honorarium. The Crain Award was established by a grant from the G.D. Crain Jr. Foundation in honor of G.D. Crain, founder of Crain Communications. □

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Consumer magazines make efficient use of assets

VS&A study reveals consumer magazines are almost twice as efficient as business magazines in use of assets

New York City—Assets of consumer magazines turned over 4.38 times in 1983 compared with 2.22 times for business magazine publishers, according to a recent study by Veronis, Suhler & Associates. And 1983 operating cash flow return on assets for consumer magazine publishing stood at 43.3 percent, compared with 33.7 percent for business magazine publishing.

But from the standpoint of operating income growth over the five years ending in 1983, consumer magazines did not do as well as business magazines. The business magazine compound annual growth rate was 10.2 percent, compared with 7.5 percent for consumer magazines.

These observations were made from studies of 10 consumer magazine publishing companies and 11 business magazine publishing companies.

Highlights of the study include:

•The rate of 1983 revenue growth in the consumer magazine publishing segment doubled 1982's growth rate. Last year's 10.1 percent growth also bettered the five-year compound annual growth rate of 8.7 percent.

•Both operating income and cash flow declined in 1983, as three major consumer magazine publishers—Meredith, The New York Times and Playboy Enterprises—showed lower profitability. Segment operating income dipped 1.2 percent after two consecu-

Consumer magazine publishing 1979-1983 growth and performance measures

Overall industry

Segment rank in communications industry in parentheses *

Growth/performance measure	Revenues	Pre-tax operating income	Assets	Pro-forma operating cash flow
1979-1983 compound annual growth	8.7% (8)	7.5% (7)	3.6% (8)	8.1% (7)
1983 growth	10.1% (7)	−1.2% (9)	3.6% (10)	−0.9% (9)
1983 operating margins		8.9% (9)		9.9% (9)
1983 margin index (1979=100)		96 (5)		98 (5)
1983 return on assets		38.9% (1)		43.3% (2)
1983 asset turnover			4.38 (1)	

*The VS&A report covers 10 communications industry segments: (1) Radio and TV, (2) Cable and pay TV, (3) Business magazine publishing, (4) Business information services, (5) Newspaper publishing, (6) Book publishing, (7) Consumer magazine publishing, (8) Entertainment programming and distribution, (9) Recorded music and (10) Advertising.

***The consumer magazine publishing segment stands out** in the communications industry for its efficient use of assets, but in other types of growth and performance measures the segment does not rank in the top half of the industry. Consumer magazines posted highest '83 operating income return on assets—38.9%.*

Leading companies

	Rank	Revenues		Pre-tax operating income		Assets	
1983 company totals ($Mil.)	1	Time Inc.	$1,131.0	Time Inc.	$106.0	Time Inc.	$170.0
	2	Washington Post (Newsweek)	302.2	Meredith	28.4	Times Mirror	90.7
	3	Meredith	273.3	Times Mirror	22.3	Meredith	73.6
1983 growth (%)	1	Time Inc.	20.2%	Historical Times	300.0%	New York Times	45.0%
	2	Historical Times	19.5	Times Mirror	29.7	Time Inc.	42.9
	3	TL Enterprises	15.9	The Webb Company	16.7	Gambling Times	40.0
Five-year compound annual growth rate (%)	1	Time Inc.	13.6%	TL Enterprises	45.6%	New Yorker	15.1%
	2	TL Enterprises	12.0	The Webb Company	15.9	Time Inc.	13.1
	3	The Webb Company	10.3	Times Mirror	14.4	TL Enterprises	10.5

***Time Inc., the largest company** in the segment, last year was also the fastest growing in terms of revenues. Time Inc. consumer magazine publishing revenues grew 20.2% in 1983. Historical Times revenues increased 19.5%; TL Enterprises, 15.9%. Historical Times quadrupled its operating income in 1983 (+300%) to lead the segment. Times Mirror (29.7%) and The Webb Company (16.7%) posted more modest, but still impressive, gains. They were followed by the Washington Post* (Newsweek), *up 15%.*

tive years of growth, while cash flow slipped 0.9 percent. Both declines deviated from five-year compound annual growth rates of 7.5 percent and 8.1 percent, respectively.

•Operating income margins have held relatively firm over the five years studied: 1983's 8.9 percent mark was only .4 percentage points below 1979's 9.3 percent.

Growth leaders

•Time Inc., the largest company in the consumer magazine group studied, last year was also the fastest-growing in terms of revenues. Time Inc. consumer magazine publishing grew 20.2 percent in 1983. Historical Times had a revenue increase of 19.5 percent; TL Enterprises, 15.9 percent.

•Historical Times quadrupled its operating income in 1983 (300 percent) to lead the segment; Times Mirror (29.7 percent) and The Webb Company (16.7 percent) posted more modest, but still impressive gains.

•Time Inc. demonstrated the highest 1979-1983 compound annual revenue growth among the consumer magazine publishers studied; it grew 13.6 percent per annum. TL Enterprises, publisher of *Trailer Life* and other titles, and The Webb Company, a contract publisher that also publishes several agricultural business titles, ranked second and third, with 1983 revenue growth of 12 percent and 10.3 percent, respectively.

•Time had by far the best 1983 operating income return on assets (ROA) in the consumer magazine group (73.4 percent). It was followed by The New Yorker (50.2 percent) and The New York Times' magazine division (29.5 percent). Time also led in 1983 cash flow ROA, with 76.4 percent. □

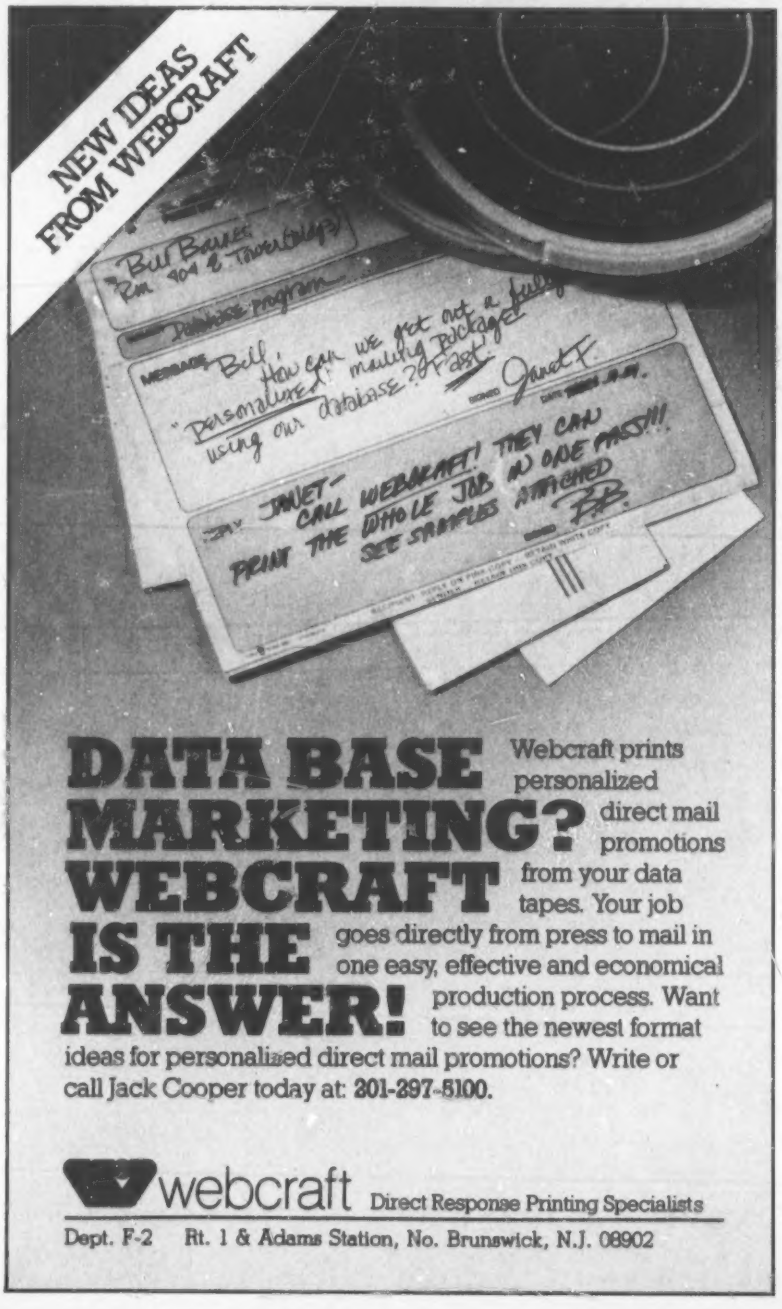
Postage hikes get final OK

Further hikes in third class bulk rates may be sought, says Postal Board head

Washington, D.C.—As expected, the Board of Governors of the Postal Service voted in December to accept the schedule of postal rate increases recommended by the independent Postal Rate Commission. (*See* FOLIO: *November 1984, page 43.*) The new schedule increases second class rates used by many magazine publishers by 14.2 percent on average while it hikes the cost of mailing a first class letter from 20 cents to 22 cents. The new rates go into effect February 17.

The Postal Service' Rates and Classifications Department originally proposed a schedule that included an 11.7 percent increase in second class rates and an increase in the cost of a first

***Third-class rates** may come under scrutiny in 1985, says John R. McKean of the postal board.*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